

## Message Text

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ACTION EB-07

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FM AMEMBASSY OTTAWA

TO SECSTATE WASHDC 416

UNCLAS OTTAWA 2801

E.O. 11652: N/A

TAGS: ENRG, CA

SUBJ: OIL PRICES IN CANADA

ON JULY 8 MINISTER OF ENERGY, MINES AND RESOURCES  
ALASTAIR GILLESPIE RELEASED FOLLOWING BULLETIN ON  
OIL PRICE GUIDELINES:

"1. I WISH TO FORMALLY ADVISE YOU THAT THE  
GOVERNMENT OF CANADA, AND THE GOVERNMENTS OF  
ALL PROVINCES HAVE AGREED ON A STANDARD FREEZE  
PERIOD ON PETROLUEM PRODUCT PRICES OF 60 DAYS  
ACROSS CANADA FOLLOWING ANY INCREASE IN THE  
CANADIAN PRICE OF CRUDE OIL AS ANNOUNCED IN THE  
HOUSE OF COMMONS ON MAY 18, 1976.

"2. CONSEQUENTLY, EFFECTIVE AUGUST 30, 1976  
FOLLOWING THE JULY 1 RISE IN CANADIAN CRUDE OIL  
PRICES AND THE RELATED DECREASE IN IMPORT  
COMPENSATION, WHOLESALE PRICES OF PETROLUEM  
PRODUCTS MAY BE INCREASED AS FOLLOWS:

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"(A) 3.2 CENTS PER GALLON ON ACCOUNT OF THE

\$1.05 PER BARREL INCREASE IN CRUDE OIL PRICES  
AND THE CORRESPONDING REDUCTION IN COMPENSATION;

"(B) 0.1 CENT PER GALLON ON ACCOUNT OF WORKING  
CAPITAL COST INCREASES ASSOCIATED WITH THE CRUDE  
PRICE CHANGE;

"(C) 0.2 CENT PER GALLON TO REFLECT THE APRIL 1  
AND JUNE 1, 1976 ADJUSTMENTS IN ALBERTA CRUDE  
OIL PRICES AND THE CORRESPONDING REDUCTION IN  
COMPENSATION OF JUNE AND JULY 1;

"(D) 0.3 CENT PER GALLON ADDITIONAL TO THE  
ABOVE IN ONTARIO, QUEBEC AND THE ATLANTIC  
PROVINCES TO RECOVER PIPELINE TARIFF INCREASES OF  
SEPTEMBER 1974 AND APRIL 1975 AND SUBSEQUENTLY  
REFLECTED IN OIL IMPORT COMPENSATION;

"(E) AN AMOUNT ADDITIONAL TO THE ABOVE FOR  
FEDERAL SALES TAX INCREASES ON PETROLUEM  
PRODUCTS SUBJECT TO FEDERAL SALES TAX.  
REVENUE CANADA WILL ADVISE THE COMPANIES AS TO  
THE AUTHORIZED-VALUE FOR GASOLINE AND DIESEL  
FUEL PRIOR TO AUGUST 30;

"(F) SUCH AMOUNTS FOR NON-CRUDE COST INCREASES  
PRIOR TO AUGUST 30, 1976 AS ARE APPROVED BY  
THE ANTI-INFLATION BOARD.

"3. ANY INCREASES UNDER PARAGRAPH 2 POINTS A TO D,  
APPLY UNIFORMLY TO ALL REFINED OIL PRODUCTS.

"4. WHERE PETROLUEM PRODUCT PRICES ARE SUBJECT TO  
SPECIFIC PROVINCIAL REGULATIONS IT IS THE RESPONSIBILITY  
OF THE COMPANIES TO PROVIDE THE NECESSARY PRENOTIFICATION."  
ENDERS

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